

**TWELFTH JUDICIAL DISTRICT
INDIGENT DEFENDER FUND**

Financial Statements

June 30, 2017

DUCOTE & COMPANY
Certified Public Accountants
219 North Washington Street
P. O. Box 309
Marksville, LA 71351

**TWELFTH JUDICIAL DISTRICT
INDIGENT DEFENDER FUND
Marksville, Louisiana**

**Component Unit Financial Statements
As of and for the Year Ended June 30, 2017**

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Avoyelles Indigent Defender Office
Twelfth Judicial District
State of Louisiana

P. O. Box 111

Marksville, Louisiana 71351

LOUISIANA ATTESTATION QUESTIONNAIRE

December 6, 2017

Ducote & Company
Certified Public Accountants
P. O. Box 309
Marksville, Louisiana 71351

In connection with your compilation of our financial statements as of June 30, 2017 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the Louisiana Government Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations. These representations are based on the information available to us as of December 6, 2017.

PUBLIC BID LAW

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes ☒ No ☐

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes ☒ No ☐

BUDGETING

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:43.

Yes ☒ No ☐

ACCOUNTING AND REPORTING

All non-exempt government records are available as a public record and have been retained for at least three years, as requires by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92 as applicable.

Yes ☒ No ☐

We have had our financial statements audited or compiled in accordance with LSA- RS 24:513.

Yes ☒ No ☐

MEETINGS

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes ☒ No ☐

DEBT

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 47:1410.60.

Yes ☒ No ☐

Ducote & Company
Page 3
December 6, 2017

ADVANCES AND BONUSES

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.



Bradley P. Dauzat, Administrator

December 6, 2017

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Mr. Bradley E. Dauzat
Administrator
Twelfth Judicial District Indigent Defender Fund
Marksville, Louisiana 71351

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of The Twelfth Judicial District Indigent Defender Fund and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions and the Twelfth Judicial District Indigent Defender Fund's compliance with certain laws and regulations during the year ended June 30, 2017 included in the accompanying Louisiana Attestation Questionnaire.

This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures describe below either for the purpose for which this report has been requested or for any other purpose.

PUBLIC BID LAW

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$152,550, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditures were made during the year for materials and supplies exceeding \$30,000 and no expenditures were made for public works exceeding \$152,550.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. Obtain from management a list of the immediate family members of each Fund member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all Fund members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management per item (3) appeared on the list provided by management per item (2).

BUDGETING

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget and the one amendment made to the budget during the year.

6. ~~Trace~~ the budget adoption and amendments to the minute book.

Due to the size of the office and legislative authority, there are no board members and therefore this question does not apply.

7. Compare the revenues and expenditures of the final budget to the actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceeded budgeted amounts by 5% or more.

No revenues failed to meet 5% of the final budget and no expenditures exceeded 5% of the final budget amount.

ACCOUNTING AND REPORTING

5. Randomly select 6 disbursements made during the period under examination and:
(a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee;

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

All six of the payments were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

All six of the payments were properly approved and signed.

MEETINGS

6. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Effective August 17, 2007, the revised Indigent Defender Act removed the board at the local judicial district level. As a result there are no local public board meetings held in the 12th Judicial District for the Indigent Defender Fund.

DEBT

7. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

ADVANCES AND BONUSES

8. Examine payroll records for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

An inspection of the payroll records for the year noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

PRIOR COMMENTS AND RECOMMENDATIONS

Our prior year report, dated November 29, 2016, did not include any comment and/or unresolved matters.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Twelfth Judicial Indigent Defender Fund and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Ducote & Company

Certified Public Accountants
Marksville, Louisiana
December 6, 2017

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Mr. Bradley E. Dauzat
Administrator
Twelfth Judicial District Indigent Defender Fund
Marksville, Louisiana

We have reviewed the accompanying financial statements of the governmental activities of the Twelfth Judicial District Indigent Defender Fund, a component unit of the Avoyelles Parish Police Jury, as of and for the year ended June 30, 2017. A review includes primarily applying analytical procedures to the management's financial data and making inquiries of the management of the Twelfth Judicial District Indigent Defender Fund. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do express such an opinion.

Management's Responsibility for the Financial Statements

The management of the Twelfth Judicial District Indigent Defender Fund is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Management has omitted the management's discussion and analysis, information that is required to be presented for purposes of additional analysis. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated December 6, 2017, on the results of our agreed-upon procedures.

Ducote & Company

Certified Public Accountants
Marksville, Louisiana
December 6, 2017

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**TWELFTH JUDICIAL DISTRICT
INDIGENT DEFENDER FUND
Marksville, Louisiana**

**STATEMENT OF NET POSITION
June 30, 2017**

ASSETS

| | |
|--|---------------|
| Cash | \$63,742 |
| Accounts receivable | 19,566 |
| Deposits | 525 |
| Property and equipment (net of accum depr) | 0 |
| TOTAL ASSETS | <u>83,833</u> |

DEFERRED OUTFLOWS OF RESOURCES

46,182

LIABILITIES

| | |
|--------------------------|---------------|
| Accounts payable | 10,730 |
| Net pension liability | 47,785 |
| TOTAL LIABILITIES | <u>58,515</u> |

DEFERRED INFLOWS OF RESOURCES

8,407

NET POSITION

| | |
|---------------------------|------------------------|
| Restricted | 63,094 |
| TOTAL NET POSITION | <u><u>\$63,094</u></u> |

Total Governmental Fund Balance \$73,104

Amounts reported for governmental activities in the
statement of net position that are different because:

Deferred outflows and inflows are not financial
resources or currently payable:

| | | |
|-------------------|----------------|--------|
| Deferred outflows | \$46,182 | |
| Deferred inflows | <u>(8,407)</u> | 37,775 |

Long-term liabilities are not due and payable in the current period
and, therefore, are not reported in the governmental funds:

| | |
|-----------------------|------------------------|
| Net pension liability | <u>(47,785)</u> |
| Total Net Position | <u><u>\$63,094</u></u> |

See independent accountants' review report and the accompanying notes.

**TWELFTH JUDICIAL DISTRICT
INDIGENT DEFENDER FUND
Marksville, Louisiana**

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017**

| FUNCTIONS/PROGRAMS | Expenses | Program Operating Grants | Net (Expenses) Revenues |
|---|------------------|---|--|
| <u><i>Governmental Activities</i></u> | | | |
| General Government | | | |
| Salaries | \$137,600 | \$146,261 | \$8,661 |
| Payroll taxes and retirement | 39,197 | 41,664 | 2,467 |
| Insurance | 2,809 | 2,986 | 177 |
| Contract labor | 154,800 | 164,544 | 9,744 |
| Rent | 7,800 | 8,291 | 491 |
| Professional fees | 3,380 | 3,593 | 213 |
| Depreciation | 0 | 0 | 0 |
| Other expenses | 28,334 | 30,118 | 1,784 |
| TOTAL GOVERNMENTAL ACTIVITIES | \$373,920 | \$397,457 | 23,537 |
| General Revenues: | | | |
| Interest | | | 179 |
| Changes in net assets | | | 23,716 |
| Net position - beginning of year | | | 39,378 |
| Net position - end of year | | | \$63,094 |
| Net change in fund balances - total governmental funds | | | \$56,503 |
| Net pension expense is reported in governmental funds as expenditures as they are paid; however, in the statement of activities the net pension expense is reported according to the estimates required by GASB 68: | | | |
| Revenue or (expense) recognized due to difference between projected and actual experience on pension | | (\$13,185) | |
| Pension expense paid | | 17,544 | |
| Pension expense per GASB 68 | | (37,146) | (32,787) |
| Change in net position of governmental activities. | | | \$23,716 |

See independent accountants' review report and the accompanying notes.

FUND FINANCIAL STATEMENTS

**TWELFTH JUDICIAL DISTRICT
INDIGENT DEFENDER FUND
Marksville, Louisiana**

**BALANCE SHEET
GOVERNMENTAL FUND-GENERAL FUND
June 30, 2017**

ASSETS

| | |
|---------------------|-------------------------------|
| Cash | \$63,742 |
| Accounts receivable | 19,566 |
| Deposits | <u>525</u> |
| TOTAL ASSETS | <u><u>\$83,833</u></u> |

LIABILITIES

| | |
|--------------------------|----------------------|
| Accounts payable | <u>\$10,730</u> |
| TOTAL LIABILITIES | <u>10,730</u> |

EQUITY AND OTHER CREDITS

| | |
|--------------------------|---------------|
| Fund balance, restricted | <u>73,104</u> |
|--------------------------|---------------|

| | |
|---|-------------------------------|
| TOTAL LIABILITIES AND FUND BALANCE | <u><u>\$83,833</u></u> |
|---|-------------------------------|

See independent accountants' review report and the accompanying notes.

**TWELFTH JUDICIAL DISTRICT
INDIGENT DEFENDER FUND
Marksville, Louisiana**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GOVERNMENTAL FUND-GENERAL FUND
For the Year Ended June 30, 2017**

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|--|------------------------|---|
| REVENUES | | | |
| Court costs on fines & forfeitures | \$222,884 | \$264,719 | \$41,835 |
| Intergovernmental Revenues: | | | |
| State Grant | 148,000 | 145,923 | (2,077) |
| Interest earnings | <u>60</u> | <u>179</u> | <u>119</u> |
| Total Revenues | <u>370,944</u> | <u>410,821</u> | <u>39,877</u> |
| EXPENDITURES | | | |
| Salaries and related benefits | 162,678 | 139,651 | 23,027 |
| Contract attorneys | 172,550 | 154,800 | 17,750 |
| Legal and accounting | 4,250 | 800 | 3,450 |
| Insurance | 10,055 | 2,809 | 7,246 |
| Other | <u>20,200</u> | <u>56,258</u> | <u>(36,058)</u> |
| Total Expenditures | <u>369,733</u> | <u>354,318</u> | <u>15,415</u> |
| Excess (Deficiency) of Revenues Over Expenditures | \$1,211 | 56,503 | <u><u>\$55,292</u></u> |
| Fund balance, beginning of year | <u>16,601</u> | <u>16,601</u> | |
| Fund balance, end of year | <u><u>\$17,812</u></u> | <u><u>\$73,104</u></u> | |

See independent accountants' review report and the accompanying notes.

**TWELFTH JUDICIAL DISTRICT
INDIGENT DEFENDER FUND
Marksville, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017**

INTRODUCTION

The Twelfth Judicial District Indigent Defender Fund was established in compliance with Louisiana Revised Statutes 15:144-149, to provide and compensate counsel appointed to represent indigents in criminal and quasi-criminal cases on the district court level. The judicial district encompasses the parish of Avoyelles, Louisiana.

During the 2007 Regular Session of the Louisiana State Legislature, Act No. 37 was adopted, thereby creating and establishing as a state agency within the office of the governor, the Louisiana Public Defender Board to provide for the supervision, administration and delivery of a statewide public defender system, which must deliver uniform public defender services in all courts in the state. The Board is composed of fifteen members who are appointed by the governor, chief justice of the Supreme Court of Louisiana, the president of the Senate, the speaker of the House of Representatives, the president of the Louisiana State Bar Association, the Louisiana Chapter of the Louis A. Marinet Society, the chairman of the Louisiana State Law Institute's Children Code Committee and the Louisiana Interchurch Conference. The Board is funded by deductions from fines and forfeitures to administer the indigent defender system of the district courts. Expenditures are governed by Act 307 of 2007 and the actions of the Board. The creation of this statewide agency required all Indigent Defender Funds to report on a June 30th year end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Twelfth Judicial District Indigent Defender Fund have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999.

**TWELFTH JUDICIAL DISTRICT
INDIGENT DEFENDER FUND
Marksville, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. REPORTING ENTITY

The indigent defender fund is part of the operations of the district court system. However, the district court system is fiscally dependent on the Avoyelles Parish Police Jury for office space and courtrooms. In addition, the police jury's general purpose financial statements would be incomplete or misleading without inclusion of the indigent defender board. For these reasons, the indigent defender fund was determined to be a component unit of the Avoyelles Parish Police Jury, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the 12th Judicial District Indigent Defender Fund and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The Indigent Defender Fund uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain board functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds - Governmental funds account for all or most of the Indigent Defender Board's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the board. The following are the board's governmental funds:

General Fund - the primary operating fund of the Indigent Defender Board and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to board policy.

**TWELFTH JUDICIAL DISTRICT
INDIGENT DEFENDER FUND
Marksville, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the General Fund, of Statements A and B, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of Indigent Defender Fund operations.

The amounts reflected in the General Fund, of Statements A and B, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Indigent Defender Fund considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Revenues are recognized when they become measurable and available are net current assets.

Expenditures

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**TWELFTH JUDICIAL DISTRICT
INDIGENT DEFENDER FUND
Marksville, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the fund as a whole. These statements include all the financial activities of the Indigent Defender Fund. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues - Program revenues included in the column labeled Statement of Activities are derived directly from board users as a fee for services; program revenues reduce the cost of the function to be financed from the board's general revenues.

E. BUDGETS

The Indigent Defender Fund uses the following budget practices:

1. The budget is prepared by the administrator and submitted to the state
2. The budget is used as a management tool for revenue and expense control
3. All budgetary appropriations lapse at year-end

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest bearing demand deposits and time deposits. Under state law, the Indigent Defender Fund may deposit funds in demand deposits, interest-bearing deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

**TWELFTH JUDICIAL DISTRICT
INDIGENT DEFENDER FUND
Marksville, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. COMPENSATED ABSENCES

The Indigent Defender Fund does not have a formal policy for vacation and sick leave.

H. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost, if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

| | |
|-------------------------|-------------|
| Machinery and equipment | 5 – 7 years |
| Furniture and fixtures | 5 – 7 years |

I. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as net assets and displayed in two components:

Investment in capital assets – consists of capital assets including restricted assets, net of accumulated depreciation

Restricted net assets - consists of net assets restricted for indigent defender fund activities

J. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**TWELFTH JUDICIAL DISTRICT
INDIGENT DEFENDER FUND
Marksville, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. GOVERNMENTAL FUND BALANCES

On January 1, 2011, the Twelfth Judicial District Indigent Defender Fund adopted the provisions of GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which significantly changed the reporting of fund balance in the balance sheets of governmental fund types. In the governmental fund financial statements, fund balances are classified as follows:

Non-spendable fund balance – amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted fund balances – amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors, creditors, or citizens.

Committed fund balance – amounts that can be used only for specific purposes determined by a formal action by the 12th Judicial District Indigent Defender Fund.

Assigned fund balance – amounts that are constrained by the 12th Judicial District Indigent Defender Fund's intent that they will be used for specific purpose.

Unassigned fund balance - all other amounts not included in the other spendable classifications

**TWELFTH JUDICIAL DISTRICT
INDIGENT DEFENDER FUND
Marksville, Louisiana
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2017**

NOTE 2 – CASH AND CASH EQUIVALENTS

At year end, June 30, 2017, the cash consisted of deposits with banks, with a book value of \$63,742.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balance) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2017 the district had \$81,011 respectively, in deposits (collected bank balances). Of the total bank balance, \$81,011 was covered by Federal Depository Insurance.

NOTE 3 - RECEIVABLES

The following is a summary of receivables at June 30, 2017:

Class of Receivable

| | |
|-------------|-----------------|
| Court Costs | <u>\$19,566</u> |
|-------------|-----------------|

NOTE 4 – GENERAL FIXED ASSETS

The changes in general fixed assets for the twelve months ended June 30, 2017, are as follows:

| | <u>Balance 6/30/2016</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance 6/30/2017</u> |
|--------------------------|------------------------------|------------------|------------------|------------------------------|
| General Fixed Assets | \$5,785 | <u>\$0</u> | <u>\$0</u> | \$5,785 |
| Accumulated Depreciation | <u>(5,785)</u> | <u>0</u> | <u>0</u> | <u>(5,785)</u> |
| Net Fixed Assets | <u>\$0</u> | | | <u>\$0</u> |

**TWELFTH JUDICIAL DISTRICT
INDIGENT DEFENDER FUND
Marksville, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2017**

NOTE 5 - PENSION PLAN

Plan Description. The Twelfth Judicial District Indigent Defender Fund contributes to the Parochial Employees' Retirement System of Louisiana, a cost-sharing, multiple-employer defined benefit pension plan administered by a separate Fund of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Employees of the Fund are members of Plan A.

All permanent employees working at least twenty-eight hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one percent of final-average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225)928-1361.

**TWELFTH JUDICIAL DISTRICT
INDIGENT DEFENDER FUND
Marksville, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2017**

NOTE 5 - PENSION PLAN (continued)

Funding Policy. Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the Fund is required to contribute at an actuarially determined rate. The current rate is 13% of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Fund are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Fund's contributions to the System under Plan A for each of the years ended June 30, 2017, 2016, and 2015 were \$17,888, \$18,404, and \$21,500, respectively, equal to the required contributions for the year.

NOTE 6 – PLAN DESCRIPTION AND BENEFITS

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District reported a liability of \$47,785 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, as actuarially determined. At December 31, 2016, the District's proportionate share was .023202%.

For the year ended June 30, 2017, the District recognized pension expense of \$17,544 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$19,602.

**TWELFTH JUDICIAL DISTRICT
INDIGENT DEFENDER FUND
Marksville, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2017**

NOTE 6 – PLAN DESCRIPTION AND BENEFITS (continued)

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$0 | \$8,362 |
| Net difference between projected and actual earnings on pension plan investments | 28,311 | 0 |
| Changes in proportion and differences between: | | |
| District contributions and proportionate share of contributions | 27 | 45 |
| District changes in assumptions | 9,072 | |
| District contributions subsequent to the measurement date | <u>8,772</u> | <u>0</u> |
| Total | <u><u>\$46,182</u></u> | <u><u>\$8,407</u></u> |

\$8,772 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|---------------------|------------|
| Year ended June 30, | |
| 2018 | \$14,036 |
| 2019 | \$14,988 |
| 2020 | \$ 9,754 |
| 2021 | (\$ 1,020) |

**TWELFTH JUDICIAL DISTRICT
INDIGENT DEFENDER FUND
Marksville, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2017**

NOTE 6 – PLAN DESCRIPTION AND BENEFITS (continued)

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------------|---|
| Valuation date | December 31, 2016 |
| Actuarial cost method | Entry Age Normal |
| Actuarial assumptions: | |
| Investment rate of return | 7.00%, net of investment expense, including inflation |
| Expected remaining service lives | 4 years |
| Inflation rate | 2.50% |
| Projected salary increases | 5.25% (2.75% Merit; 2.50% Inflation) |
| Cost of living adjustments | The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees |
| Mortality | RP-2000 Employee Mortality Table was selected for active members RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants |

The long-term expected real rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.66% for the year ended December 31, 2016.

**TWELFTH JUDICIAL DISTRICT
INDIGENT DEFENDER FUND
Marksville, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2017**

NOTE 6 – PLAN DESCRIPTION AND BENEFITS (continued)

The resulting expected long term rate of return was 7.66%. Best estimate of geometric real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2016, are summarized in the following table:

| Asset Class | Target Asset Allocation | Long-term Expected Portfolio Real Rate of Return |
|------------------------------------|----------------------------|--|
| Fixed income | 35% | 1.24% |
| Equity | 52% | 3.63% |
| Alternatives | 11% | 0.67% |
| Real assets | 2% | 0.12% |
| Totals | <u>100%</u> | <u>5.66%</u> |
| Inflation | | <u>2.00%</u> |
| Expected arithmetic nominal return | | <u>7.66%</u> |

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PERSAC taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TWELFTH JUDICIAL DISTRICT
INDIGENT DEFENDER FUND
Marksville, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2017**

NOTE 6 – PLAN DESCRIPTION AND BENEFITS (continued)

Sensitivity to Changes in Discount Rate: The following presents the net pension liability of the participating employers using the discount of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percent lower (6.00%) or one percent higher (8.00%), than the current rate:

| | Changes in Discount Rate 2016 | | |
|-----------------------|--------------------------------------|----------------------|-------------------|
| | 1% | Current | 1% |
| | Decrease | Discount Rate | Increase |
| | 6.00% | 7.00% | 8.00% |
| Net Pension Liability | <u>\$142,944</u> | <u>\$47,785</u> | <u>(\$32,675)</u> |

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events were evaluated through December 6, 2017, which is the date of the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2017, that required recognition or disclosure in the financial statements.

NOTE 8 – SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

Agency Head Name: Bradley Dausat, Administrator

| | |
|-----------------------|-----------------|
| Salary | \$70,000 |
| Benefits – retirement | 9,100 |
| Telephone | 1,023 |
| Mileage reimbursement | <u>85</u> |
| Total | <u>\$80,208</u> |

**TWELFTH JUDICIAL DISTRICT
INDIGENT DEFENDER FUND
Marksville, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2017**

NOTE 9 – GOVERNMENTAL FUND REVENUES AND EXPENDITURES

For the year ended June 30, 2017, the major sources of governmental fund revenues and expenditures were as follows:

REVENUES

State Government

| | | |
|--------------------------|------------------|--|
| Appropriations – Special | <u>\$145,923</u> | |
|--------------------------|------------------|--|

Local Government

| | | |
|------------------------------------|----------------|--|
| Statutory fines, forfeitures, fees | | |
| Court costs, and other | <u>264,719</u> | |

| | | |
|-----------------------------|------------|--|
| Investments earnings | <u>179</u> | |
|-----------------------------|------------|--|

| | | |
|----------------|--|------------------|
| Total Revenues | | <u>\$410,821</u> |
|----------------|--|------------------|

EXPENDITURES

Personnel Services and Benefits

| | | |
|--------------------------|--------------|---------|
| Salaries | 137,600 | |
| Retirement Contributions | 17,544 | |
| Insurance | 2,809 | |
| Payroll Taxes | <u>2,051</u> | |
| | | 160,004 |

Operating Costs

| | | |
|------------------------------|---------------|----------------|
| Contract Services – attorney | 154,800 | |
| Lease – office | 7,800 | |
| Repairs and maintenance | 190 | |
| Utilities and telephone | 7,477 | |
| Other | <u>24,047</u> | |
| | | <u>194,314</u> |

| | | |
|--------------------|--|------------------|
| Total Expenditures | | <u>\$354,318</u> |
|--------------------|--|------------------|